

# CIA Gave 'Several Hundred Reports' About BCCI to Other Federal Agencies

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WASHINGTON — The Central Intelligence Agency provided other federal agencies with "several hundred reports" related to Bank of Credit and Commerce International, adding a new dimension to the regulatory failure surrounding the rogue bank.

The CIA reports—distributed broadly through the regulatory apparatus—mainly concerned BCCI's suspected involvement in drugs, terrorism and arms dealing, Richard Kerr, the acting CIA director, told a Senate panel. He added that a few of the reports, beginning in early 1985, stated that BCCI in 1981 had secretly and unlawfully acquired control of First American Bankshares Inc., Washington's largest bank holding company.

Such intelligence on BCCI Holdings (Luxembourg) S.A. was met with "a stony silence and lack of action" on the part of regulators, said Sen. John Kerry (D., Mass.), chairman of the Senate Foreign relations subcommittee on terrorism, narcotics and international operations, which is conducting hearings on BCCI.

The revelations came as President Bush moved to distance himself from a former high-ranking White House aide who recently went to work for Sheik Kamel Adham, a principal figure in the BCCI scandal. The former official, Ed Rogers, senior aide to Chief of Staff John Sununu, is a lawyer who signed up to receive \$600,000 from Mr. Adham in a two-year engagement.

At a news conference Friday, President Bush expressed concern about the "perception of impropriety." When a reporter suggested Mr. Rogers might be selling his access to the White House, the president snapped, "Ask him what he's selling." President Bush said he himself wouldn't like such work: "Would I like to go out there, leave my job and go to work for this sheik when I get through being president? No, I wouldn't like to do that."

Mr. Rogers said in a statement that this representation was lawful under the Ethics in Government Act and that it didn't involve any "lobbying, politics or public relations." He added that he and his law firm have had no contact with "anyone at the White House about this matter." As reported, Mr. Rogers was in Egypt last week when a top federal prosecutor in the BCCI case opened talks with Mr. Adham, suggesting that a plea agreement might be in the works.

In his testimony, Mr. Kerr said that the CIA's focus on BCCI began in the mid 1980s because of the Luxembourg-based bank's suspected involvement in "narco-money laundering," which involves helping drug traffickers conceal the origins of their profit. That effort widened in the late 1980s, resulting in the collection of intelligence on "the manipulation of financial markets, weapons proliferation, and terrorism."

departments, including Treasury, Customs, Commerce, the Drug Enforcement Agency, National Security Agency, Defense Intelligence Agency, the Federal Reserve Board, the Department of Energy, the U.S. Trade Representative, the State Department, and the Federal Bureau of Investigation.

Specific information relating to BCCI's hidden ownership of First American was sent to the Treasury Department's head of intelligence, Mr. Kerr said. That Treasury official has told colleagues that he passed the information along to Robert Bench, who was then deputy comptroller of the currency. Mr. Bench is now partner in charge of government relations at Price Waterhouse, the accounting firm that audited BCCI for years. Mr. Bench said recently he doesn't recall seeing such a report.

Mr. Kerr sought to refute widespread rumors and reports of CIA involvement with BCCI, asserting that the agency "didn't assist or encourage any wrongdoing on the part of BCCI or its employees." The agency, he said, also hadn't taken any action "to influence or impede" any investigation or prosecution of BCCI.

The CIA official also said that the agency wasn't involved in, nor did it have knowledge of, any use of BCCI for the sale of arms to Iran or the diversion of funds for the Nicaraguan Contras in connection with the Iran-Contra affair. The Senate subcommittee released documents indicating that BCCI provided banking services to Saudi Arabian businessman Adnan Khashoggi in connection with the Iran-Contra affair. Mr. Kerr said the CIA wasn't aware of BCCI's Iran-Contra links or of its association with Mr. Khashoggi.

The State Department, meantime, also had substantial information on BCCI, Alan Kresczko, the department's deputy legal adviser, told the Senate panel. As early as 1978 the State Department noted that BCCI engaged in, "questionable if not illegal activities."

U.S. relations with the United Arab Emirates, where BCCI's principal owners reside, "remain very good," Mr. Kresczko said. The government of Abu Dhabi and its absolute ruler Sheik Zayed bin Sultan al-Nahyan own 77% of BCCI.

BCCI's seizure of a group of Western regulators last July "may create some cash flow problems for the UAE," Mr. Kresczko said. But, he maintained, there is "no evidence the scandal has eroded the hold on power of the rulers of Abu Dhabi or their popular base of support."

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